



# OUT OF REACH

THE INCREASING COSTS OF COLLEGE TUITION IN  
MASSACHUSETTS, 1996-2006

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## I. EXECUTIVE SUMMARY

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The cost of higher education in Massachusetts has skyrocketed in the last decade. This report analyzes that increase by examining costs at Massachusetts' largest colleges and universities, both public and private. This report has found that:

- **Tuition and fees have risen dramatically in the last decade** - Combined tuition and fees at private colleges went up by close to 60% (57.63%) while the combined cost of tuition and fees at public schools has risen by more than 70% (70.44%) in the ten year span from academic year 1996-97 to 2005-06.
- **The total cost of an education in Massachusetts is higher than it has ever been** - The average tuition and fees of the public schools sampled in 1996-97 was \$3,646.36 and in 2005-06 that figure had nearly doubled to \$6,214.86. The average tuition and fees of the private schools sampled in 1996-97 was \$16,952.22 and in 2005-06 that figure was \$26,722.53.
- **Mandatory fees at public universities have gone up 121.51% in the last four years alone** - Cost increases at public universities have been hidden within "mandatory fees." While tuition has remained relatively flat, mandatory fees have risen at astonishing rates. In the four most recent academic years mandatory fees have gone up by 36%, 29%, 18% and 7%. In the decade studied, mandatory fees rose by 137.23%.
- **Inflation does NOT account for the cost increases over the last decade** - Total costs (tuition, mandatory fees, room & board) have risen more than twice as fast as inflation at both public and private institutions. At private schools, total cost rose by 53.33% and at public schools total cost rose by 64.93% while inflation only accounted for a growth of 24.62%.

## II. INTRODUCTION

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America is based upon a few simple assumptions: Americans have the right to life, liberty and the pursuit of happiness. Implied in this is the belief that social mobility will drive our society. Americans will work hard because a better life is attainable for themselves and their children through ambition, dedication and diligence. Sadly, this optimistic view is being attacked by the very vehicle of social mobility: education.

Education has always been the great equalizer. Tenant farmers have studied alongside landowners, factory workers beside factory owners, union laborers beside businessmen. Yet our education system is at a breaking point. At every level, from kindergarten to college, students are increasingly being divided into haves and have-nots. Children in poor school districts are especially at risk. Many students are not prepared to be competitive applicants at institutions of higher learning. Federal and state governments have let these students down.

President Bush promised that no one would be allowed to slip through the cracks when Congress passed the "No Child Left Behind Act" in December 2001. The bill sought to increase rigor in our public schools and close the gap between white and minority students. It was a major step forward in our nation's long civil rights struggle.

"No Child Left Behind" forced a set of stringent regulations upon public school systems across the country; many of which were necessary to fix a system that was producing graduates less proficient in math, science and literacy than only a few decades before. Schools have worked hard to meet these requirements, but they cannot do it without the government's help. At the same time, Congress has consistently underfunded "No Child Left Behind" by \$40 billion in the five years since it became law.

The federal government has failed to keep its promise to American families and their children at a time when obtaining the necessary skills to go to college are more important than ever. For many students, a college education is the difference between living the American Dream and watching it pass them by. A U.S. Census study in 2003 showed that average salary for a college graduate was \$51,194. The average salary for a high school graduate was just \$27,280, which is little more than half as much as someone with a bachelor's degree.<sup>1</sup> This gap is just the beginning though. In 1980, a college graduate made 60% more than a high school graduate while in 2002 the salary difference between a college grad and a high school grad had grown to 88%.<sup>2</sup> There is no indication that that gap has since narrowed.

The American Dream is becoming less and less attainable to a growing segment of the population. We need to work to lower barriers to success, and help level the playing field for all Americans. We need to renew our commitment to primary and secondary education and increase accessibility to higher education by making college more affordable. Not everyone wants to go to college, but everyone should have that option.

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<sup>1</sup> U.S Census Bureau, "Educational Attainment in the United States: 2003," June 2004: 7.

<sup>2</sup> "The Rising value of a College Education," *Presidency*, Spring 2004, 7(2): 35.

### III. PURPOSE AND METHODOLOGY

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The purpose of this report is to analyze the costs of higher education in Massachusetts today and how it has changed over the course of the last decade. The intent of this study is not to be prescriptive, but rather to be descriptive. By bringing attention to a problem, I hope to encourage Massachusetts residents to start planning earlier for their child's college education. I would also like to persuade colleges and universities to examine their own spending habits and the financial burden that is being placed on students.

Both public and private institutions were studied, though not every college and university in Massachusetts was examined. The sampling included thirty-six private and fourteen public schools chosen by the size of their student body. The study focuses on four-year colleges, but also includes one two-year college (Middlesex Community College) because it is the largest two-year college in the state.

For the fifty schools sampled, tuition, mandatory fee<sup>3</sup> and room & board data for the academic years between 1996-1997 and 2005-2006 was collected. For public schools, in-state tuition costs were used. For the private schools, tuition and mandatory fees are combined and are referred to as simply "tuition" while tuition and mandatory fees are handled separately for the public schools.

The data used in the report was drawn from publicly available sources but help in collecting it was provided by the Association of Independent Colleges and Universities in Massachusetts (AICUM) and the New England Board of Higher Education (NEBHE).

### IV. FINDINGS

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It has become conventional wisdom that college costs are spiraling out of control. Not surprisingly, the data supports this preliminary conclusion, but what is shocking is how quickly costs have risen in recent years, and where those costs have been hidden. In the ten year span from academic year 1996-1997 to 2005-2006 the cost of tuition at the 36 private schools sampled has risen from a little under \$17,000 to nearly \$27,000, an increase of 57.63%. During the same span, tuition at the public schools that were sampled has actually decreased from \$1,498 to \$1,131, a decline of nearly 25%.

This would seem to indicate that the commonly accepted knowledge that college is getting more expensive is wrong and that private schools are the only culprits in limiting college accessibility. The truth can only be arrived at when the simple word "tuition" is investigated.

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<sup>3</sup> Mandatory fees in the UMass system include: basic health fee which covers 24 hour medical care, an activities fee that covers student activities, a curriculum support fee to help offset state reductions in university funding, and a service which allows for students to go to art and sporting events at reduced prices. While mandatory fees are not identical at all schools, the services covered under the UMass mandatory fees can be used as a rough guide to what is included in such fees.

Tuition has a different usage at public and private institutions. At a private school, the "tuition" is understood to include the fee for instruction but it also includes mandatory fees that can cover costs associated with ranging from healthcare to intramural sports. Public schools in Massachusetts have a much stricter definition of the word, and it includes only the core educational fee which is mandated by the state. This would of course mean that an entire set of required fees, mandatory fees, are not included in the numbers stated above.

In fact, an analysis of mandatory fees at public schools reveals that during the 10 year span in question, fees rose from an average of \$2,147 to more than \$5,000, an increase of 137.23%. When these fees are combined with tuition costs, costs that on first glance appear to be declining, an entirely different picture becomes clear. Using the private school definition of "tuition," private school "tuition" has gone up 57% while public school "tuition" has skyrocketed by more than 70%.

*Table I. Cost Change over the decade from 1996-2006*

	Avg. Actual Change	Avg. Percent Change
Tuition & Fees - Private	\$9,770.31	57.63%
Tuition - Public	-\$366.93	-24.49%
Tuition & Fees - Public	\$2,568.50	70.44%

*Chart I. Private School Tuition & Fees*

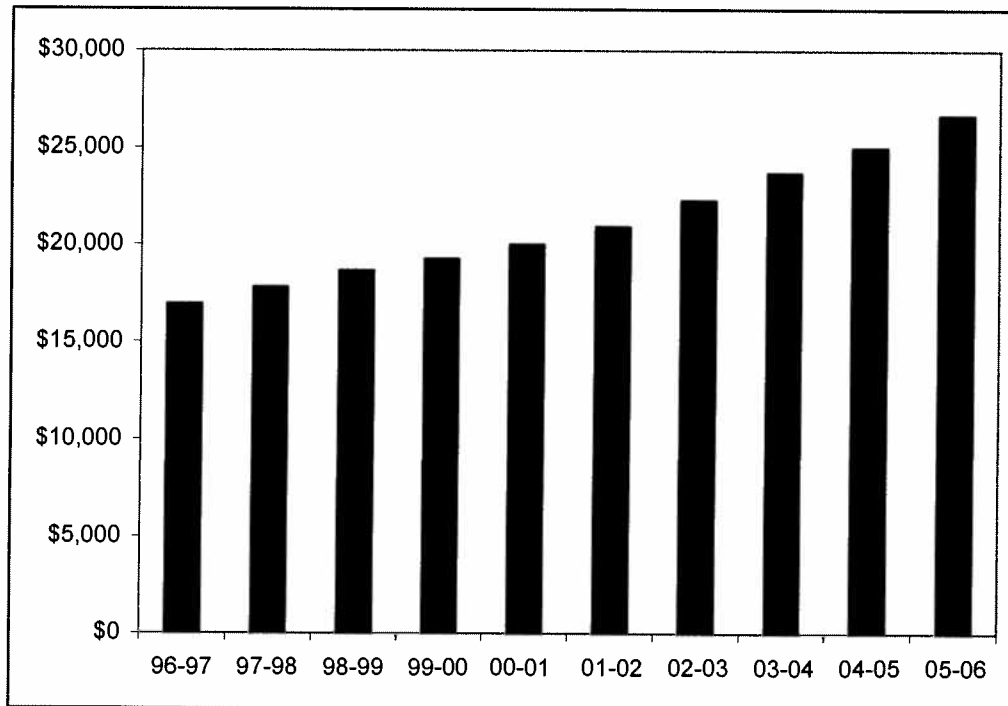
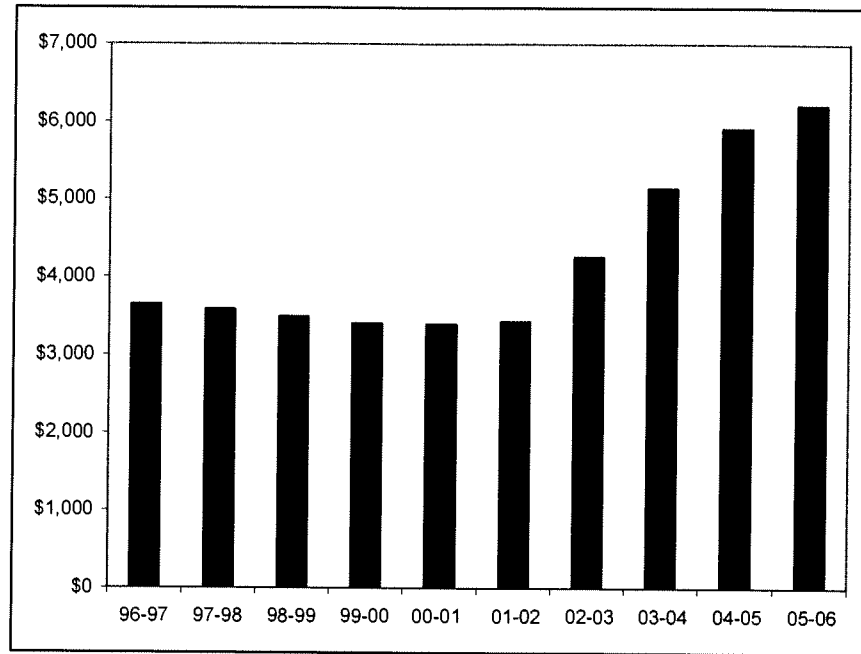
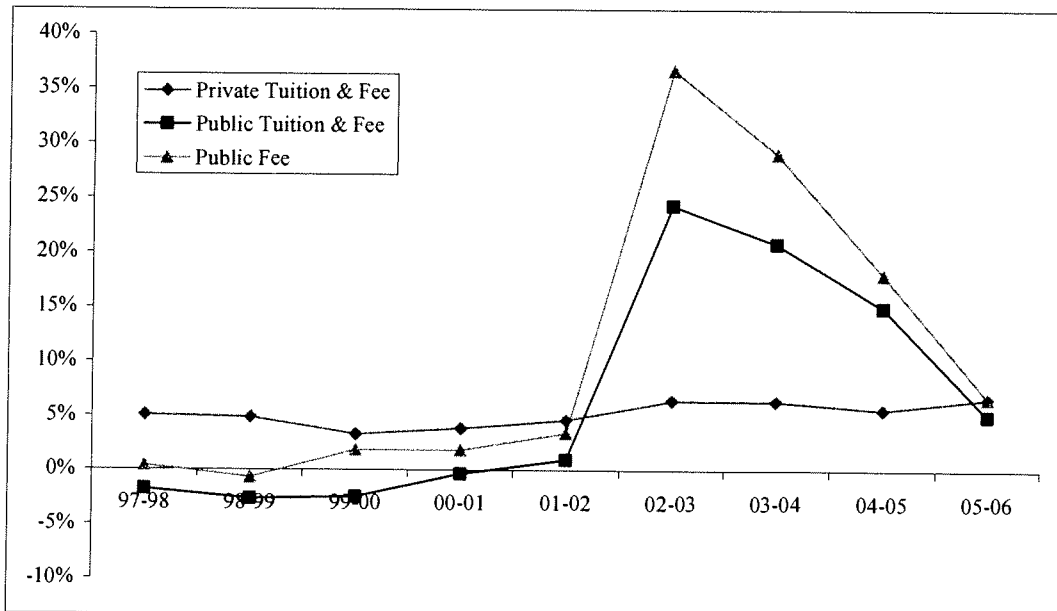


Chart II. Public School Tuition & Fees



These numbers don't tell the whole story. While year-over-year private tuition and fees have risen relatively steadily at around 5-6%, fees at public school costs have risen rapidly in the last four years. Public school costs remained relatively flat from 1996 until the 2001-2002 school-year because while tuition costs were dropping, fees were rising. The years 2002-2003 to 2005-2006 tell a different story. While tuition remained unchanged, fees rose 36%, 29%, 18% and 7% and drove the total cost up by 24%, 21%, 15% and 5% in the four years in question.

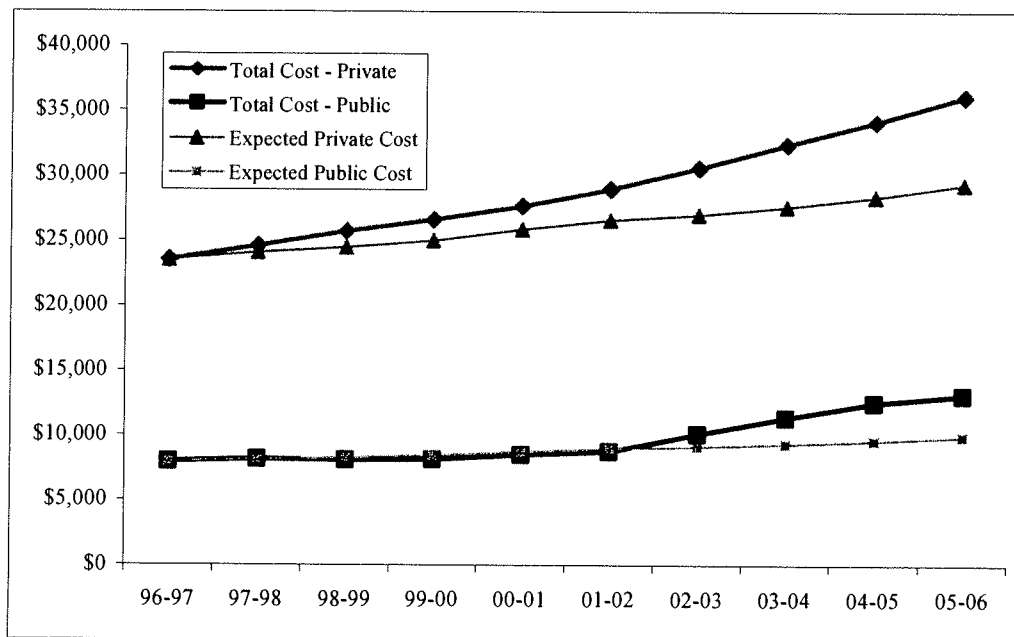
Chart III. Year-Over-Year Change



When compared to the rate of inflation, the rise in the cost of higher education is even more surprising. In fact, college costs are rising at roughly twice the rate of inflation. This means that while costs are rising, they are also rising faster than family income is in a real sense. In fact, twenty years ago the cost of attending a public college was about 12% of median annual family income; today that number is 17%. For a private school it went up from 27% in 1980 to 44% in 2003.

The problem is worse for people who need our help the most. Families in the lowest income quintile had to spend 61% of their income to send a child to a public college, up from 40%.<sup>4</sup> The Chart below documents this rise. Using the 1996-1997 academic year as the baseline and applying government statistics on inflation for each subsequent year we can clearly see the divergent path of what one could expect to pay for college if tuition increases matched inflation and what the actual cost was. By 2005-2006 the gap was \$6,752 for private colleges and \$3,204 for public schools.<sup>5</sup>

Chart IV. Expected vs. Actual Tuition



This report did not examine data as to why the cost of higher education was skyrocketing, though that data has been pored over and reported on in numerous publications.<sup>6</sup> While this data is worthy of its own report, I am focused on just how large the barriers to entry to higher education are.

<sup>4</sup> "America's Tuition Crisis," *Economist.com*, Monday, September 23, 2002

<sup>5</sup> See Chart IV. "Total Cost" refers to the actual tuition, mandatory fees and room and board. "Expected...Cost" refers to what a student would have been able to expect to pay had "total cost" risen at the same rate as inflation from 1996-97 to the present.

<sup>6</sup> Please see: John F.R.Harter, et al., "An Examination of Costs at Four-Year Public Colleges and Universities Between 1989 and 1998," *The Review of Higher Education*, Spring 2005, 28(3):369-391;

## V. CONCLUSION

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Massachusetts is in a precarious position. Our state is a world leader in education, biomedical research and research and development. We boast one of the most educated workforces in the country and we have the highest number of Ph.Ds per capita in the world. But our position is far from secure.

Maintaining our position depends on our commitment to higher education for all people. Education should be more accessible to the people of Massachusetts than it was a generation or a decade ago and accessibility is inextricably linked to cost. By bringing the facts to light regarding the rising cost of higher education, I hope to increase the public's awareness of how pressing this problem is and strengthen our resolve to work to correct it. This report was not intended to offer solutions as to how college costs might be contained, but to remind everyone that action is needed now.

Our children are the greatest strength of this nation. Our hopes lie with them, that they may mature and grow and push the nation and Massachusetts firmly into the 21st Century. The vehicle for their advancement is under attack and we need to do all that we can to protect our future by granting them wider access.

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William Trombley, "College Affordability in Jeopardy: A Special Supplement to National Crosstalk," Report by the National Center for Public Policy and Higher Education. Winter 2003, pp.1A-12A; Richard Vedder, "A Fortune in Tuition," *National Review*, Oct. 11, 2004, 56(19): 38-40; Anonymous, "A New Angle on the Price Spiral in Higher Education," *Change*. January/February 2000, 32(1):53-56; A.F. Cunningham, et al. "Study of College Costs and Prices 1988-89 to 1997-98: Volumes 1 and 2." National Center for Education Statistics Statistical Analysis Reports. December 2001. Available at <http://nces.ed.gov/pubsearch/pubsinfo.asp?pubid=2002157> ; Michael S. McPherson and, Morton O. Schapiro, "Funding Roller Coaster for Public Higher Education," *Science*, November 14, 2003, 302(5648):1157; Mark F. Smith, "Growing Expenses, Shrinking Resources: The States and Higher Education," *Academe*, July/August 2004, 90(4):32-35.



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